

2010 Earnings Reveal St. Alphonsus-Ontario Profit Margins Are Four Times That of Recent Years

The Office for Oregon Health Policy and Research has very recently published their annual “2010 Oregon Acute Care Hospitals Summary” which shows our Ontario hospital is doing quite well. Compared with the last four years of reports, our hospital is making **more than four times the profit** we have experienced in the past! In 2007 our operating margin was (–1.94 percent); 1.1 percent in 2008; 2.8 percent in 2009; and **in 2010, we were at 8.52 percent!** Your team is baffled by our CEO’s “State of the Hospital” report in October, and doom and gloom charity care presentation. It seems those reports are not an accurate description of the financial health of our hospital when the Oregon Health Authority reports healthy hospitals show an operating margin of 3 percent or higher.

By looking at the operating margins below, it would seem that ONA is accurate in describing the regional hospitals as our local competitors. Despite the hospital’s insistence that Baker City and La Grande are part of the Portland Metropolitan job market, our hospital seems to be not only competitive, but we are one of the leaders in our region. Why then are we the lowest paid by several dollars per hour?

Fiscal Year 2010 Oregon Hospital Financial Data			
Hospital Name	Type	Operating Margin	Net Income
Good Shepherd Medical Center	A	14.26 %	\$12,536.97
Grande Ronde Hospital	A	-1.66 %	\$3,452.80
Mid Columbia Medical Center	B	2.65 %	\$3,764.25
Saint Alphonsus Holy Rosary	A	8.52 %	\$6,756.38
Saint Alphonsus St. Elizabeth	A	1.04 %	\$250.52
St Anthony Hospital	A	13.95 %	\$12,580.00
OREGON TOTALS		4.58 %	\$38,956.43

These Data represented in thousands.

*These values represent overall margin averages.

Data Source: 2010 Oregon Hospital Financial Statements and FR-3 forms

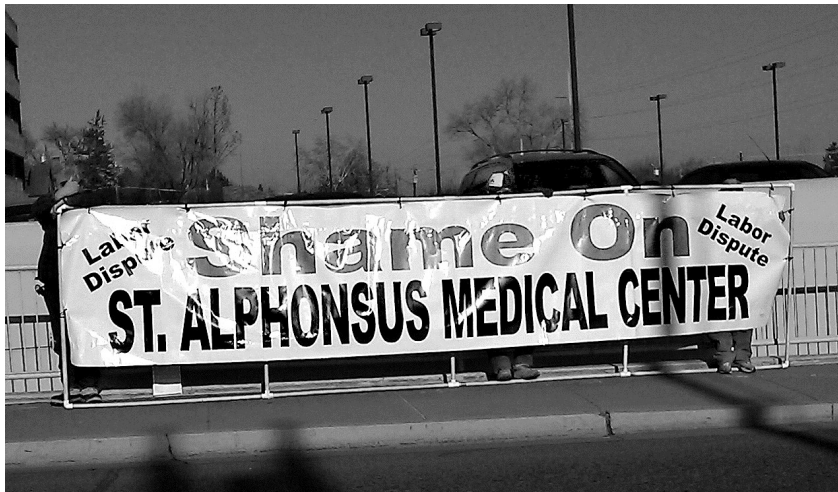
Definitions:

Type: Refers to Medicare Type A or Type B reimbursement as it relates to the Provider tax.

Net Income: The overall profit that a hospital makes.

Operating Margin: A mathematical function that describes numerically the financial health of a hospital in terms of servicing patients. Calculated as total operating revenue, minus total operating expense, divided by total operating revenue. A hospital with a healthy financial status would typically have an operating margin above 3 percent.

THE ATTACK IS NOT JUST ON US: IT'S ON BASIC STANDARDS FOR WORKERS IN ONTARIO'S COMMUNITY



Members of the **Pacific Northwest Regional Council of Carpenters** held a sign and handed out Newsletters in front of St. Alphonsus-Ontario Tuesday, while your team was in mediation. Their message: "Shame on St. Alphonsus for contributing to the erosion of area standards for area carpenter craft workers." The Carpenters are urging supporters to call Vince Leedy, Director of Facilities at 541-881-7265 and tell him that you want him to do all he can to see that area labor standards are met for all St Alphonsus projects."

Please support Ontario carpenters by calling Vince Leedy and voicing your concern.

Mediation Update: Three Sessions Held

ONA Negotiation Committee

Bobbie Turnipseed
(ICU)

Sam Farrow
(2N/3N)

Kathy Coleman
(3N/Peds)

Chris Knosp
(2N/3N)

Tina Buetow
(CCU)

Rhondi Nelson
(ER)

Sue Lzicar
(Surg Services)

**ONA Labor Relations
Representative**
Becky McCay

Your negotiating team has met with management three times in the last week, holding sessions on December 7, 8 and 13. Assisted by the Federal Mediator assigned to our case, Ms. Julie Kettler, we have been able to come to a couple of tentative agreements regarding a limitation to the amount of "Rotators" in each unit/shift, a Letter of Agreement about Sexual Assault Nurse Examiners (SANE), and a conceptual agreement regarding the new evaluation tool that the hospital will be bringing forward in 2012.

Our team has gotten absolutely no movement from management about advancing our Pay For Performance system to an objective wage scale. We are now focusing on each of the qualities of the existing system that are unfair and objectionable to our nurses:

1. 17 page subjective evaluation tool that weights 75 percent on "behaviors"
2. "Meets requirements" receives a 1 percent raise, while a new hire receives 2.5 percent credit for each year of nursing experience
3. Compression of wages in the center of the wage scale
4. Inequity of evaluators and favoritism in the past
5. A 3 percent raise requires additional activities that are typically part of a Clinical Ladder (A program that Management wants to develop with ONA)
6. Adjusting all nurses to the appropriate wage based on inequities
7. Increasing the minimum, midpoint and maximum amounts to more comparable amounts reflecting regional pay standards for nurses

Question Of the Day: How Much More Would You Earn if You Resigned and Were Rehired To The Same Position?

Our Collective Bargaining Agreement, or contract, says the following in Appendix A about new hires:

c. Related Service Credit. Newly hired personnel may be given credit for verifiable related experience as an RN at a percentage above the range minimum based upon the following:

Less than 1 year	0%	6+ Years	15%
1 + years	2.5%	7+ years	16.5%
2+ years	5%	8+ years	18%
3+ years	7.5%	9+ years	19.5%
4+ years	10%	10+ Years midpoint	
5+ years	12.5%	11-15 years midpoint plus 2.5%	
		16-20 years midpoint plus 5%	

This is in essence, the building blocks of a wage scale applied only to new hires. Here's what this looks like in a table showing the dollar amounts:

Less than 1 year	Minimum	\$22.04
1+ Years	Minimum + 2.5%	\$22.59
2+ Years	Minimum + 5%	\$23.14
3+ Years	Minimum + 7.5%	\$23.69
4+ Years	Minimum + 10%	\$24.24
5+ Years	Minimum + 12.5%	\$24.80
6+ Years	Minimum+ 15%	\$25.35
7+ Years	Minimum + 16.5%	\$25.68
8+ Years	Minimum + 18%	\$26.01
9+Years	Minimum + 19.5%	\$26.33
10+ Years	Mid Point	\$28.65
11-15 Years	Mid Point + 2.5%	\$29.37
16-20 Years	Mid Point + 5%	\$30.08

Assuming that RNs here had absolutely no prior experience and adjusting their wage based on the new hire information, your team has determined that one-third of your Bargaining Unit would be at a higher wage if you resigned and rehired. Imagine the numbers of nurses that are in the same position based on actually having years of experience! Those numbers could easily double.

Our team has clearly told Management that until "Meets Requirements" is adjusted back to 2.5 percent, new hires will always make more than our own nurses unless the nurse consistently scores a 3 percent wage. Based on our evaluation, there are only a handful of nurses who have been so fortunate.

Hospital Proposes Withholding P4P Increases Until Ratification

In our last session, Management proposed a clarification proposal that would withhold your Pay For Performance (P4P) increases in January until we reach ratification. The contract currently states that you would be evaluated by October, but receive your increases in January. This language was changed in the last contract based upon CHI's fiscal year. Once Trinity purchased the hospital, they decided that October was a better fit, and therefore kept the rest of the employees' increases on the October date. Management had proposed early on in our negotiations that we move back to October.

Currently, when your contract expired, under law, you remain under the status quo. This means that until a new agreement is reached, the terms of the existing contract remain in place with a few exceptions. Under the status quo, your contract still says that you will be receiving your P4P increase in January, 2012. Management's new proposal to *unlawfully* hold your increases until we reach an agreement and ratify the contract was insulting to your team who represent you at the table. This type of pressure is seen as blackmail tactic to get our nurses to agree to terms that are unacceptable to us.



“Are you kidding? We are way behind the region in wages and now they want to unlawfully hold our increases hostage until we settle. No way!”

Co-Chair Sam Farrow
(In response to Management's most recent P4P Proposal take-away.)

NEXT MEDIATION SESSIONS:
JANUARY 5 AND 6, 2012